



MFS Network Technologies, Inc.
1998 Springdale Rd.
Cherry Hill, NJ 08003
TEL: (609) 489-6872
FAX: (609) 489-6892

June 18, 1999

Edward Gross, Executive Director
New Jersey Turnpike Authority
Administration Building
P.O. Box 1121
New Brunswick, New Jersey 08903

Dear Mr. Gross:

The purpose of this letter is to confirm the points of agreement reached between MFS Network Technologies, Inc. ("MFSNT") and the New Jersey Turnpike Authority ("NJTA") as the lead agency for the Consortium at meetings which took place on June 8 and 15, 1999. Those meetings were held to discuss the phased implementation of the electronic toll collection system ("ETC") on the New Jersey Turnpike ("NJT") as described in Exhibit A and the Garden State Parkway ("GSP") as described in Exhibit B (collectively "Phased Implementation") arising from MFSNT's failure to meet its obligations pursuant to the terms of the contract dated March 10, 1998 between the NJTA and MFSNT (the "Contract") and consistent with the Program Schedule, as defined in the Contract, and as modified with respect only to the VPC by the letter dated January 21, 1999, from MFSNT, as approved by the NJTA (the "January 21, 1999 letter") and by the letter dated April 12, 1999, from MFSNT, as approved by the NJTA (the "April 12, 1999 letter") and to resolve several outstanding issues between the Consortium and MFSNT.

MFSNT agrees without reservation to the following:

1. With respect to Phased Implementation, MFSNT will comply with the schedule that is attached hereto and made a part hereof as Exhibit C. This schedule sets forth the timetable for delivery of: a) Phased Implementation of ETC on the NJT in accordance with Exhibit A; and b) Phased Implementation of ETC on the GSP in accordance with Exhibit B. MFSNT will also attain satisfactory completion of the milestones set forth on Exhibit C. Exhibit C shall further modify the Program Schedule with respect to the final implementation of ETC for the NJTA and the NJHA under the Contract. The NJTA agrees to comply with Exhibit C.
2. MFSNT will perform all of the work required for Phased Implementation without any additional cost to, or compensation from, the NJTA, including any amounts which may be sustained by MFSNT as a result of Phased Implementation.
3. MFSNT will perform all of the work required for the design, engineering, acquisition, fabrication, and installation (including structural support systems) of certain signage in connection with the

implementation of ETC pursuant to the clarification of the Contract's scope of work set forth in the attached Exhibit D, without any additional cost to, or compensation from, the NJTA.

4. MFSNT will perform all of the work required for the design, development, and integration of certain software for the generation of reports in connection with the implementation of ETC pursuant to the clarification of the Contract's scope of work set forth in the attached Exhibit D, without any additional cost to, or compensation from, the NJTA.
5. MFSNT will perform all of the work required for the design, acquisition, installation and integration into ETC of four (4) strip contact treadles in certain specified lanes pursuant to the clarification of the Contract's scope of work set forth in the attached Exhibit D, without any additional cost to, or compensation from, the NJTA.
6. The current proposed design of the electronic toll violation enforcement component of ETC utilizes a single camera to take a photograph of the rear license plate of each vehicle that enters a toll lane. The NJTA has determined that it is appropriate, in order to enhance the capabilities of electronic toll violations enforcement, to install a second camera in certain specified toll lanes that is capable of taking a photograph of the front license plate of vehicles entering a toll lane (the "Second Camera"). No later than July 15, 1999 the NJTA will execute a Change Order (as defined in the Contract) in favor of MFSNT which will provide MFSNT with an additional \$8,000,000 as compensation for the design, acquisition and installation of the Second Camera and the complete integration of the Second Camera into ETC and the VPC (as defined in the Contract) pursuant to the scope of work set forth in the attached Exhibit D, which scope of work shall be incorporated into such Change Order.
7. The NJTA has determined that it is appropriate to make certain electrical upgrades in the toll plazas and related equipment on the GSP and the NJT, in support of the ETC deployment. No later than July 15, 1999 the NJTA will execute a Change Order in favor of MFSNT which will provide MFSNT with an additional \$7,000,000 as compensation for the design and installation of such electrical modifications pursuant to the scope of work set forth in the attached Exhibit D, which scope of work shall be incorporated into such Change Order.
8. Liquidated Damages pursuant to Section 4.08 of the Contract will be imposed based upon the Program Schedule as revised by paragraph 1 of this letter and as follows: Section 4.08 of the Contract pertaining to the payment of liquidated damages is hereby revised to add as new provisions the following:
 - f. In the event of a delay caused by the Contractor to the Program Schedule as it pertains to Phased Implementation, the Contractor shall pay as liquidated damages the following:
 - i. To the extent such delay pertains to the GSP: \$10,000 per day per main line toll plaza and its associated ramps as shown in the attached Exhibit C (collectively "Non-conforming Toll Plaza") until each Non-conforming Toll Plaza is accepted by the NJTA, with confirmation by the New Jersey Highway Authority, as being in compliance with the operational requirements for Phased Implementation. The

acceptance criteria is as set forth in the Contract with the exception of AVC. The acceptance criteria for AVC is as set forth in the attached Exhibit B. The acceptance procedures for GSP Phased Implementation will be developed and mutually agreed upon by MFSNT and NJTA (with confirmation by the New Jersey Highway Authority) consistent with the Contract.

- ii. To the extent such delay pertains to the NJT: \$50,000 per day until all of the toll plazas on the NJT are accepted by the NJTA as being in compliance with the operational requirements for Phased Implementation. The acceptance criteria is as set forth in the Contract with the exception of AVC. The acceptance criteria for AVC is as set forth in the attached Exhibit A. The procedures for NJT Phased Implementation will be developed and mutually agreed upon by MFSNT and NJTA consistent with the Contract.
- g. In the event of a delay caused by the Contractor to the Program Schedule as it pertains to Final System Acceptance (as defined in the Contract), the Contractor shall pay as liquidated damages the following:
 - i. To the extent such delay pertains to the GSP: the provisions of Section 4.08 of the Contract, without any modification thereof, shall apply. The acceptance criteria and procedure for GSP Final System Acceptance is as set forth in the Contract.
 - ii. To the extent such delay pertains to the NJT: the provisions of Section 4.08 of the Contract, without any modification thereof, shall apply. The acceptance criteria and procedure for NJT Final System Acceptance is as set forth in the Contract.
- h. The Contractor shall be entitled to receive a credit equal to the per day liquidated damages set forth in subparagraph f(i) for each day in advance of the Program Schedule that the Contractor delivers a main line toll plaza and its associated ramps on the GSP as shown in the attached Exhibit C that is in compliance with the operational requirements for Phased Implementation.
- i. The Contractor shall be entitled to receive a credit equal to the per day liquidated damages set forth in subparagraph f(ii) for each day in advance of the Program Schedule that the Contractor delivers Phased Implementation for all of the toll plazas on the NJT, provided that all of such toll plazas are in compliance with the operational requirements for Phased Implementation.
- j. The Contractor shall be entitled to receive a credit equal to the per day liquidated damages set forth in subparagraph g(i) for each day in advance of the Program Schedule that the Contractor delivers all of the main line toll plazas and associated ramps on the GSP, provided that all of such main line toll plazas and associated ramps are in compliance with the requirements for GSP Final System Acceptance.
- k. The Contractor shall be entitled to receive a credit equal to the per day liquidated damages set forth in subparagraph g(ii) for each day in advance of the Program Schedule that the Contractor delivers all of the toll plazas on the NJT, provided that all of such toll plazas are in compliance with the requirements for NJT Final System Acceptance.

- l. The Contractor shall be entitled to offset credits earned pursuant to subparagraphs h, i, j, and k, against liquidated damages due pursuant to subparagraphs f and g, but in no event shall the Contractor be entitled to receive a credit that exceeds the amount of liquidated damages that it owes; that is, the Contractor shall never be entitled to receive a credit payable in cash for completing the required work prior to the delivery dates for Phased Implementation or Final System Acceptance pursuant to the Program Schedule.

9. Paragraph 11 of the April 12, 1999 letter is hereby revised to read as follows:

MFSNT shall not be entitled to the payment of the monthly VPC operating payment pursuant to the Contract commencing with the November 1998 payment, except to the extent set forth in this paragraph. Upon compliance by MFSNT with the requirements of paragraph 1(a) of this letter, subject to compliance with the requirements of the Contract, MFSNT shall be entitled to receive the VPC operating payments for November 1998, December 1998, January 1999 and February 1999. Upon compliance by MFSNT with the requirements of paragraph 1(b) of this letter, subject to compliance with the requirements of the Contract, MFSNT shall be entitled to receive the VPC operating payments that are due after the date on which paragraph 1(b) compliance has been achieved. MFSNT acknowledges that it is not entitled to receive VPC operating payments from March 1999 through the date of compliance by MFSNT with the requirements of paragraph 1(b) of this letter.

References in this paragraph 9 to "this letter" are to the April 12, 1999 letter.

10. Pursuant to Section 6.14 "Retainage" of the Contract, the NJTA has been retaining from certain approved disbursements 15% of the amount requested for disbursement by MFSNT in Disbursement Certificates (as defined in the Contract) from August 24, 1998. A list of Disbursement Certificates and excess retainage is set forth in the attached Exhibit E. Subject to its rights under the Contract to once again increase the amount of retainage to 15%, upon the execution of this letter, the NJTA will reduce the retainage to 10% and shall approve disbursement of any amount of retainage above 10% which has been withheld up to the date of this letter.
11. Upon compliance by MFSNT with the requirements of paragraph 1(a) of the April 12, 1999 letter, the NJTA will approve one or more Disbursement Certificates, attributable to paragraphs 6 and 7 of this letter totaling \$700,000.
12. MFSNT and NJTA acknowledge that, with the exception of (a) the revisions to the Program Schedule referenced in paragraph 1 above, and (b) the liquidated damages provisions referenced in paragraph 8 above, this letter does not constitute an amendment of the Contract. Further, MFSNT and NJTA acknowledge that this letter does not give rise to a claim for a Change Order, except as specifically set forth herein.
13. All issues in dispute between MFSNT and the NJTA relating to the subject matter of this letter, including all claims, asserted or unasserted, reasonably related thereto are settled and resolved by this letter.

14. Except as specifically modified by this letter, the terms and conditions of, including the representations of MFSNT set forth in, the January 21, 1999 letter, the April 12, 1999 letter and the Contract shall remain in full force and effect.

If we have correctly summarized the agreements reached, please approve the attached copy of this letter and return same to us.

Very truly yours,

/S/ Original Signature
G. Vance Cartee
Vice-President
MFS Network Technologies, Inc.

So Approved:

New Jersey Turnpike Authority

/S/ Original Signature

By: _____
Edward Gross
Executive Director

cc: James Weinstein, NJDOT
Louis Thurston, NJHA
James Crawford, SJTA
Walter Kristlibas, PANYNJ
Ann Canby, DelDOT